

**Internal Revenue Service**

**Department of the Treasury**

Form DG-2022

Contact:

Phone Number:

Reply to: CP:E:EO:T:2

**JUL 11 1996**

**Employer Identification Number:** [REDACTED]

**Key District:** Southeast (Baltimore, MD)

**Form:** 1020

**Tax Years:** All

**Dear Applicant:**

This letter constitutes a final adverse ruling with respect to your claim of exemption from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

We make our ruling for the following reason(s):

You are not organized exclusively for exempt purposes as required by section 501(c)(3). Moreover, you have not described your proposed operations in sufficient detail to permit a conclusion that you will be operated exclusively for exempt purposes as required by section 501(c)(3).

Donors may not deduct contributions to your organization under section 170 of the Code.

The Code and the regulations issued thereunder require that you file federal income tax returns. Based upon the financial information that you furnished, you should file returns on the form and for the tax years indicated above within 30 days from the date of this letter with your key District Director for exempt organization matters, shown above, unless you request and your key District Director grants an extension of time to file the returns. You should file returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia, before the 91st day after the date that we mailed this ruling to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory

[REDACTED]

Judgment. The filing of a declaratory judgment suit under section 7428 does not stay the processing of income tax returns and assessment of any taxes.

In accordance with section 104 of the Code, we will notify the appropriate State official of this action.

If you have any questions concerning the reasons for this ruling, please contact the person whose name and telephone number appear in the heading of this letter. You should address questions concerning the filing of returns to your key District Director.

Sincerely,

(signature)

[REDACTED]  
Director, Exempt Organizations Division

CP:E:EO:T:2

5-14-96

**Internal Revenue Service**

**Department of the Treasury**

Washington, DC 20224

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: CP:E:EO:T:2

Date: JJ 11

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

Your application indicates that you were incorporated in [REDACTED] on [REDACTED]. You are not a registered charity under the laws of [REDACTED].

Article III of your Articles of Incorporation states that your objects are as follows:

- (a) To provide a vehicle for the exchange of vital information among individuals as responsible participants in their society;
- (b) To provide a common forum for the expression of ideas, issues, perspectives, perceptions, and concerns of the socio-culturally diverse Canadian public;
- (c) To develop an informed and critically aware citizenry which will enable individuals to make choices that will support the enhancement of their quality of life;
- (d) To create a medium which is a valuable community resource for a socio-culturally diverse society.

Article VI of your Articles of Incorporation provides as follows:

It is specifically provided that in the event of dissolution or winding-up of the corporation, all its remaining assets after payment of its liabilities shall be distributed amongst the Board of Directors.

The description of your proposed activities on page 2 of your application essentially restates the objects contained in Article III of your Articles of Incorporation.

[REDACTED]

judgment. The filing of a declaratory judgment suit under section 7428 does not stay the processing of income tax returns and assessment of any taxes.

In accordance with section 6104(c) of the Code, you should notify the appropriate State of officials of this action.

If you have any questions concerning the reasons for this action, please contact the person whose name and address appear in the heading of this letter. You should also direct all questions concerning the filing of returns to your local office.

Sincerely,

[REDACTED]

[REDACTED]  
Director, Exempt  
Division

- 2 -

[REDACTED]

Your letter of [REDACTED] indicates that your primary activity will be the publication of a magazine "which is cross cultural in its orientation and nature, and is dedicated to the elimination of racial prejudice and discrimination through its literary content." The magazine will "provide a context for racial and socio-cultural integration, through the charitable communications forum that it will provide, to encourage dialogue between different groups." You will "encourage active co-operative working relations between communities, to facilitate their mutual social development." The magazine will be an 8-12 page publication issued on a monthly basis and will be published on a non-commercial basis.

Since publication of the magazine has not yet commenced, you have been unable to submit sample copies of the publication. To date, you have also been unable to submit representative copies of materials that you might deem suitable for publication.

Section 501(c)(3) of the Internal Revenue Code describes, in relevant part, corporations organized and operated exclusively for charitable or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that, in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(1)(i) of the regulations provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes.

Section 1.501(c)(3)-1(b)(1)(iv) of the regulations provides that in no case shall an organization be considered to be organized exclusively for one or more exempt purposes, if, by the terms of its articles, the purposes for which such organization is created are broader than the purposes specified in section 501(c)(3). The fact that the actual operations of such an organization have been exclusively in furtherance of one or more exempt purposes shall not be sufficient to permit the organization to meet the organizational test. Similarly, such an organization will not meet the organizational test as a result of statements or other evidence that the members thereof intend to operate only in furtherance of one or more exempt purposes.

Section 1.501(c)(3)-1(b)(4) of the regulations provides that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal Government, or to a State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized.

Section 1.501(c)(3)-1(d)(2) of the regulations provides that the term "charitable" is used in section 501(c)(3) in its generally accepted legal sense and includes: Relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

Rev. Proc. 86-43, 1986-2 C.B. 729 sets forth the criteria used by the Service to determine the circumstances under which advocacy of a particular viewpoint or position by an organization is considered educational within the meaning of section 501(c)(3) of the Code.

Rev. Proc. 90-27, 1990-1 C.B. 514, Section 5.02, states that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures.

Your purposes, as stated in your articles, are broadly worded and do not necessarily fall within the purposes enumerated in section 501(c)(3) of the Code. In addition, your assets are not dedicated to a charitable purpose because upon dissolution, your assets will be distributed to the members of your Board of

Directors. Therefore, you do not meet the "organizational test" for recognition of exemption under section 501(c)(3) of the Code.

Moreover, you have not described your proposed operations in sufficient detail to permit a conclusion that you will meet the "operational test" for exemption. It is not clear whether the material you intend to publish will advocate a particular viewpoint and, if so, whether this material would be considered educational under the criteria set forth in Rev. Proc. 86-43. Moreover, while the elimination of prejudice and discrimination is a charitable purpose under the regulations, it is unclear from the description of your proposed activities that they will further this exempt purpose.

Accordingly, based on all the facts and circumstances, we conclude that you do not qualify for recognition of exemption under section 501(c)(3) of the Code. Under the provisions of the tax treaty between the United States and Canada, contributions to you are not deductible.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

[REDACTED]

You will expedite our receipt of your reply by using the following address on the envelope:

Internal Revenue Service  
CP:E:EO:T:2, Room 6138  
1111 Constitution Avenue, NW  
Washington, DC 20224

Sincerely yours,

[REDACTED]  
Chief, Exempt Organizations  
Technical Branch 2

cc: DD, Baltimore  
Attn: EO Group

CP:E:EO:T:2  
[REDACTED]

7-12-95